

AMENDED IN SENATE MAY 18, 2009

AMENDED IN SENATE MAY 5, 2009

AMENDED IN SENATE APRIL 15, 2009

## SENATE BILL

**No. 213**

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### Introduced by Senator Florez

February 23, 2009

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An act to amend Sections ~~19854, 19962, 19963, 19981, 19981~~ and 19984 of, ~~and to add Section 19966 to, and to add and repeal Section 19963.5 of,~~ the Business and Professions Code, relating to gambling.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 213, as amended, Florez. Gambling establishments: proposition players.

(1) The Gambling Control Act provides for the licensure of certain individuals and establishments involved in various gambling activities, and for the regulation of those activities, by the California Gambling Control Commission. Existing law provides for the enforcement of those activities by the Department of Justice. Existing law provides that any violation of the act for which a penalty is not provided is punishable as a misdemeanor.

~~The act requires certain persons employed in the operation of a gambling enterprise, known as key employees, to apply for and obtain a key employee license that entitles the holder to work as a key employee in any key employee position at any gambling establishment, provided that the key employee terminates employment with one gambling establishment before commencing work for another. Existing law requires the commission to establish a program for personal portable~~

licenses for key employees, and to implement that program on or before July 1, 2008.

~~This bill would provide, pursuant to those provisions, if a key employee transfers to another jurisdiction that requires a key employee to have a local license in addition to a state license, the state license may serve as a temporary local license upon the gambling establishment giving notice to the local licensing authority.~~

~~(2) The act prohibits, until January 1, 2015, the governing body and the electors of a county, city, or city and county from authorizing or expanding any legal gaming beyond that permitted on January 1, 1996. Additionally, the commission is prohibited, until January 1, 2015, from issuing a gambling license for a gambling establishment that was not licensed to operate on December 31, 1999, except as specified.~~

~~This bill would extend the operation of these provisions to January 1, 2018, notwithstanding those prohibitions and other limitations on the expansion of gambling, until January 1, 2020, prohibit the commission from issuing a gambling license for a gambling establishment that is not licensed to operate on January 1, 2010. The bill also would provide that a city, county, or city and county that issues local gambling licenses, key employee licenses, or work permits shall not appoint a person to manage or oversee the issuance of those licenses or permits who, within 2 years prior to that appointment, was employed or retained by, or derived substantial income from, a gambling establishment, or was a principal in a partnership or corporation that was retained by, or derived substantial income from, any gambling establishment.~~

~~(3)~~

~~(2) The act prohibits a member of the commission, the executive director, the chief, and any employee of the commission or Department of Justice designated by regulation, for a period of 3 years after leaving office or terminating employment, for compensation, from acting as agent or attorney for, or otherwise representing, any other person by making any formal or informal appearance, or by making any oral or written communication, before the commission or the department, or any officer or employee thereof, if the appearance or communication is for the purpose of influencing administrative action, or influencing any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, or approval.~~

~~This bill additionally would prohibit a member of the commission, the executive director, the chief, and any employee of the commission~~

or department designated by regulation, for a period of 2 years after leaving office or terminating employment, from being employed as a consultant or key employee of a gambling establishment.

(4)

(3) The act allows a licensed gambling establishment to contract with a 3rd party for the purpose of providing proposition player services, subject to specified conditions.

This bill would prohibit the duration of a contract between a gambling establishment and a 3rd-party provider of proposition player services from exceeding 2 years.

The bill would delete an obsolete provision.

(5)

(4) Because this bill would impose new regulatory requirements, violations of which would be punishable as misdemeanors, this bill would impose a state-mandated local program.

(6)

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Section 19854 of the Business and Professions~~  
2     ~~Code is amended to read:~~  
3     ~~19854. (a) Every key employee shall apply for and obtain a~~  
4     ~~key employee license.~~  
5     ~~(b) No person may be issued a key employee license unless the~~  
6     ~~person would qualify for a state gambling license.~~  
7     ~~(c) A key employee license shall entitle the holder to work as~~  
8     ~~a key employee in any key employee position at any gambling~~  
9     ~~establishment, provided that the key employee terminates~~  
10    ~~employment with one gambling establishment before commencing~~  
11    ~~work for another.~~  
12    ~~(d) The commission shall establish a program for personal~~  
13    ~~portable licenses for key employees, as well as a process by which~~  
14    ~~valid key employee licenses then in effect shall be converted to~~

1 personal portable licenses. The commission may, as part of that  
2 process, establish a fee to be paid by a key employee when seeking  
3 a personal portable license. The commission shall seek to  
4 implement the requirements imposed by this subdivision on or  
5 before July 1, 2008.

6 (e) Pursuant to subdivision (d), if a key employee transfers to  
7 another jurisdiction that requires a key employee to have a local  
8 license in addition to a state license, the state license may serve as  
9 a temporary local license upon the gambling establishment giving  
10 notice to the local licensing authority.

11 SEC. 2. Section 19962 of the Business and Professions Code,  
12 as added by Section 4 of Chapter 854 of the Statutes of 2006, is  
13 amended to read:

14 19962. (a) On and after the effective date of this chapter,  
15 neither the governing body nor the electors of a county, city, or  
16 city and county that has not authorized legal gaming within its  
17 boundaries prior to January 1, 1996, shall authorize legal gaming.

18 (b) An ordinance in effect on January 1, 1996, that authorizes  
19 legal gaming within a city, county, or city and county may not be  
20 amended to expand gaming in that jurisdiction beyond that  
21 permitted on January 1, 1996.

22 (c) This section shall become operative on January 1, 2010.

23 (d) This section shall remain in effect only until January 1, 2018,  
24 and as of that date is repealed, unless a later enacted statute, that  
25 is enacted before January 1, 2018, deletes or extends that date.

26 SEC. 3. Section 19963 of the Business and Professions Code  
27 is amended to read:

28 19963. (a) In addition to any other limitations on the expansion  
29 of gambling imposed by Section 19962 or any provision of this  
30 chapter, the commission may not issue a gambling license for a  
31 gambling establishment that was not licensed to operate on  
32 December 31, 1999, unless an application to operate that  
33 establishment was on file with the department prior to September  
34 1, 2000.

35 (b) This section shall remain in effect only until January 1, 2018,  
36 and as of that date is repealed, unless a later enacted statute, that  
37 is enacted before January 1, 2018, deletes or extends that date.

38 SECTION 1. Section 19963.5 is added to the Business and  
39 Professions Code, to read:

1     19963.5. (a) *Notwithstanding any other limitations imposed*  
2     *by this article, the commission shall not issue a gambling license*  
3     *for a gambling establishment that is not licensed to operate on*  
4     *January 1, 2010.*

5     (b) *This section shall remain in effect only until January 1, 2020,*  
6     *and as of that date is repealed, unless a later enacted statute, that*  
7     *is enacted before January 1, 2020, deletes or extends that date.*

8     ~~SEC. 4.~~

9     SEC. 2. Section 19966 is added to the Business and Professions  
10    Code, to read:

11    19966. A city, county, or city and county that issues local  
12    gambling licenses, key employee licenses, or work permits shall  
13    not appoint a person to manage or oversee the issuance of those  
14    licenses or permits who, within two years prior to that appointment,  
15    was employed or retained by, or derived substantial income from,  
16    a gambling establishment, or was a principal in a partnership or  
17    corporation that was retained by, or derived substantial income  
18    from, any gambling establishment.

19    ~~SEC. 5.~~

20    SEC. 3. Section 19981 of the Business and Professions Code  
21    is amended to read:

22    19981. (a) A member of the commission, the executive  
23    director, the chief, and any employee of the commission or  
24    department designated by regulation, shall not, for a period of three  
25    years after leaving office or terminating employment, for  
26    compensation, act as agent or attorney for, or otherwise represent,  
27    any other person by making any formal or informal appearance,  
28    or by making any oral or written communication, before the  
29    commission or the department, or any officer or employee thereof,  
30    if the appearance or communication is for the purpose of  
31    influencing administrative action, or influencing any action or  
32    proceeding involving the issuance, amendment, awarding, or  
33    revocation of a permit, license, or approval.

34    (b) A member of the commission shall not solicit or accept  
35    campaign contributions from any person, including any applicant  
36    or licensee.

37    (c) A member of the commission, the executive director, the  
38    chief, and any employee of the commission or department  
39    designated by regulation, shall not, for a period of two years after

1 leaving office or terminating employment, be employed as a  
2 consultant or key employee of a gambling establishment.

3 ~~SEC. 6.~~

4 *SEC. 4.* Section 19984 of the Business and Professions Code  
5 is amended to read:

6 19984. Notwithstanding any other provision of law, a licensed  
7 gambling establishment may contract with a third party for the  
8 purpose of providing proposition player services, subject to the  
9 following conditions:

10 (a) Any agreement, contract, or arrangement between a gambling  
11 establishment and a third-party provider of proposition player  
12 services shall be approved in advance by the department, and in  
13 no event shall a gambling establishment or the house have any  
14 interest, whether direct or indirect, in funds wagered, lost, or won.

15 (b) The duration of an agreement, contract, or arrangement  
16 between a gambling establishment and a third-party provider of  
17 proposition player services shall not exceed two years.

18 (c) The commission shall establish reasonable criteria for, and  
19 require the licensure and registration of, any person or entity that  
20 provides proposition player services to gambling establishments  
21 pursuant to this section, including owners, supervisors, and players.  
22 Those employed by a third-party provider of proposition player  
23 services, including owners, supervisors, observers, and players,  
24 shall wear a badge which clearly identifies them as proposition  
25 players whenever they are present within a gambling establishment.  
26 The commission may impose licensing requirements, disclosures,  
27 approvals, conditions, or limitations as it deems necessary to  
28 protect the integrity of controlled gambling in this state, and may  
29 assess and collect reasonable fees and deposits as necessary to  
30 defray the costs of providing this regulation and oversight.

31 (d) The department, pursuant to regulations of the commission,  
32 is empowered to perform background checks, financial audits, and  
33 other investigatory services as needed to assist the commission in  
34 regulating third-party providers of proposition player services, and  
35 may assess and collect reasonable fees and deposits as necessary  
36 to defray the costs of providing this regulation and oversight. The  
37 department may adopt emergency regulations in order to implement  
38 this subdivision.

~~SEC. 7.~~

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.